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The Director of Central Intelligence Washington, D.C. 20505

National Intelligence Council

7 September 1984

MEMORANDUM FOR: Director of Central Intelligence

Deputy Director of Central Intelligence

FROM:

David Y. McManis

National Intelligence Officer for Warning

SUBJECT:

Monthly Warning and Forecast Meetings for August 1984

1. Summary of key warning issues:

USSR

NIO/USSR's meeting was devoted almost entirely to a discussion of ways to improve warning of major Soviet military operations. NIO/Warning agrees with the thrust of the group that Soviet economic mobilization may be the earliest detectable warning. We feel even stronger on this issue and will continue to try to move the community toward focusing on the economic and political areas.

USSR/India/Pakistan/Afghanistan

There are few new indicators of military hostilities between India and Pakistan. There have been some Indian troop withdrawals from the Punjab, Mrs. Gandhi has toned down her rhetoric and appears to be focusing on Sri Lanka and domestic issues, but there were military clashes in northern Kashmir recently. Tensions remain high.

Pakistan's troubles increased with an unusually high number of crossborder incidents--shelling and air strikes--from Afghanistan territory in August. Some analysts believe there is a likelihood of a small-scale Soviet ground incursion into Pakistan in the near future. Whatever the intent of past cross-border incidents, the Pakistani government sees them as conveying a direct threat from the USSR and wants the US to be more active in backing Pakistan.

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Zia, given his belief that Soviet pressure is mounting, is likely to see the US reaction to his request for support of Pakistan through diplomatic channels and statements denouncing the attacks, as a test of the strength of the US-Pakistani relationship.

France

The second half of 1984 should be easier for the Mitterrand government than the first because the economic recovery program is working slowly, and the opposition forces are in some disarray.

Foreign Minister Cheysson's visit to Washington (19-21 September) will bring little in the way of new French initiatives because of his "lame duck" status. Discussions will probably focus on the Middle East, arms control, the LDC debt problem and US Central American policy. Cheysson will travel to Latin America after his Washington visit and we believe Central America could be a major focus of his interest.

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El Salvador

The predicted major insurgent offensive may be launched by mid-September in a likely series of coordinated attacks with increased terrorist attacks and a possible objective to cause casualties among US military advisors.

New Zealand/ANZUS

Newly elected New Zealand Prime Minister Lange has little, if any, room to maneuver on the issue of a Nuclear Free Zone and nuclear ship visits to New Zealand.

We also doubt that Lange or the Labor Party wants New Zealand to leave ANZUS. As long as Lange can keep the issue on the back burner and focus on economic problems, ANZUS can continue to function--probably without US nuclear powered or armed ships visiting New Zealand.

Ango 1 a

A generally higher level of Angolan military activity in areas where UNITA forces have been operating over the past year, greater security at key points, and more air activity are additional indications that preparations for an Angolan offensive against UNITA are under way.

Liberia

There is an increasing atmosphere of political uncertainty. Doe's recent arrest of opposition party leaders seems to have intimidated potential rivals but many Liberians question Doe's commitment to a transition to civilian rule. There is a high potential for student activism and violence could result further provoking severe internal unrest.

2. <u>Trend Commentary</u>

FRG/GDR/East Europe

Most analysts agree that there is no major split between Moscow and East Berlin and that the recent Soviet press campaign is designed to dampen West German hopes for greater humanitarian concessions. However, Moscow probably has greater concerns about the longer-term implications of inner-German ties. NIO/Warning agrees that relations between the Germanys have shown a remarkable improvement with only a slight interruption caused by the INF deployment and Soviet countermeasures on GDR territory. NIO/W believes Soviet concern is evidenced by their propaganda emphasis on the post-war four-power agreements, the permanency of Yalta provisions, efforts to unlink FRG credit guarantees and loans from GDR concessions on inner-German travel, the lifting of the WEU restrictions on production of selected weapons by FRG, and the "German Revanchist" theme. This situation is a part of long-term developments in Eastern Europe; including, a weakened Communist party in

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Poland; Romania's independent foreign policy; Hungary's increasingly Western-oriented economy; a more controversial political-economic discussion among Warsaw Pact nations; and the general economic problems in Eastern Europe that stimulate requirements for Western technology, products, financial support, and increased dialogue.

Libya

Qadhafi has been disturbed by his domestic opposition's apparent strength since the May 8 barracks attack in Tripoli. He has pursued a two-track policy: first, to get his regional relations in better order so as to focus on domestic dissent and secondly to project a moderate image particularly to the West--illustrated by recent talks with Italian Prime Minister Andreotti. Nonetheless, Qadhafi's efforts to subvert Egypt and Sudan have not lessened and there is considerable evidence that Libya was responsible for the Red Sea mining. We must expect subversion attempts against Sudan to continue and Libyan operations against dissidents in Europe and elsewhere to intensify.

Nicaragua

During August the Sandinistas launched their most sophisticated offensive to date against insurgents in the north making heavy use of artillery and air strikes, including napalm. Although insurgent casualties may have been heavy, they are still operating effectively. They continue to need additional outside support.

Honduras

Sandinista efforts to increase subversion and terrorism in Honduras are increasing. The infiltration of a new small insurgent group and reports of preparations to launch a new terrorist campaign are signs of this trend. The leftist capabilities are still weak and developing and the threat is likely to be long term.

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<u>Narcotics</u>

Analysts report that DEA has been doing a satisfactory job of reporting on brokers and traffickers associated with pharmaceutical companies in Europe. DEA has also input this information into a data base file which will provide the basis for further analysis.

David Y. McManis

Attachments:

Monthly Warning and Forecast Meeting Reports

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